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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of

Request of Lockheed Martin Corporation and Warburg, Pincus & Co. for Review of the Transfer of the Lockheed Martin Communications Industry Services Business from Lockheed Martin Corporation to an Affiliate of Warburg, Pincus & Co.

CC Docket No. 92-237
NSD File No. 98-151

SUPPLEMENTAL RESPONSE

Lockheed Martin Corporation ("Lockheed Martin"), Lockheed Martin IMS Corporation ("LMIMS") and Warburg, Pincus & Co. ("Warburg Pincus") (collectively "the Parties") submit this Supplemental Response ("Response")¹ in the above-captioned proceeding in order (1) to ensure that the record reflects certain commitments made by the Parties to the North American Numbering Council ("NANC"),² and (2) to address certain other issues raised by the NANC and its members during their deliberations on the transfer of the LMIMS Communications Industry Services ("CIS") business to CISAC. The

¹ See *Request of Lockheed Martin Corporation and Warburg, Pincus & Co. for Review of the Transfer of the Lockheed Martin Communications Industry Services Business from Lockheed Martin Corporation to an Affiliate of Warburg, Pincus & Co.*, Request for Expedient Review of The Transfer of the Lockheed Martin Communications Industry Services Business, CC Docket No. 92-237, NSD File No. 98-151 (filed Dec. 21, 1998) ("Transfer Request"); Letter from representatives of Lockheed Martin IMS, Lockheed Martin Corporation and Warburg, Pincus & Co., to Anna M. Gomez, Chief, Network Services Division, Common Carrier Bureau (Feb. 16, 1999).

² In this Response, the Parties simply restate for the public record certain commitments previously made by Warburg Pincus and CIS Management in correspondence and meetings with the FCC and the NANC regarding the operations of the North American Numbering Plan Administrator ("NANPA") and its relationship with Warburg Pincus following the transfer to the CIS Acquisition Corporation ("CISAC"). Warburg Pincus initially will own 95 percent of CISAC.

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Parties are filing this Response well in advance of the Federal Communications Commission ("FCC") April 16, 1999 deadline for comments on the CIS transfer to allow interested parties ample time for review.³

INTRODUCTION

Over the last four months, the Parties have submitted numerous filings and made several presentations to the NANC, the FCC, and the industry to demonstrate that: (1) CIS is neutral in its role as the NANPA and will remain neutral following the transfer of the CIS business to CISAC, a freestanding, independent company; (2) CISAC can perform the NANPA functions in accordance with the Requirements Document⁴ and FCC rules and policies; and (3) the proposed transfer will serve the public interest by ensuring the continued fair, effective and efficient operation of the NANPA. On March 31, 1999 the NANC submitted a letter ("NANC Letter") to the FCC reporting that consensus was achieved by the NANC members that CISAC is not subject to undue influence by parties with a vested interest in the outcome of numbering administration activities.⁵ In making this finding, the NANC Letter noted that NANC relied upon commitments made by the Parties in submissions to the FCC and to NANC regarding the ongoing neutrality of CISAC. The Parties submit this Response, in part, to ensure that these commitments are clearly reflected on the record.

³ See FCC Public Notice, FCC Extends Deadline for Comments on Lockheed Martin Request for Expeditious Review of the Transfer of Communications Industry Services Business, DA 99-516, CC Docket No. 92-237, NSD File No. 98-151 (rel. Mar. 15, 1999).

⁴ See FCC News Release, NANC Seeks Proposals From Entities Interested In Serving as North American Numbering Plan Administrator, Rep. No. CC 97-8 (rel. Feb. 21, 1997) ("Requirements Document").

⁵ See Letter from Alan C. Hasselwander, Chairman, North American Numbering Council, to Lawrence E. Strickling, Chief, Common Carrier Bureau (Mar. 31, 1999) (the "NANC Letter"). The FCC directed the NANC on February 17, 1999 to review the proposed CIS transfer and to report back to the FCC regarding the neutrality of the NANPA under Warburg Pincus ownership. See FCC Public Notice, FCC Seeks Comment on Request for Expeditious Review of the Transfer of the Lockheed Martin Communications Industry Services Business, DA No. 99-347, CC Docket 92-237, NSD File No. 98-151 (rel. Feb. 17, 1999).

The NANC Letter also concludes that: (1) CISAC can perform the function of NANPA in accordance with the Requirements Document and FCC rules; and (2) if the Transfer Request is approved, CISAC should be explicitly required to be fully cooperative with an independent administrator of 1000 block pooling administration, if CIS is not selected as a 1000 block administrator. Warburg Pincus and CISAC wish to assure the FCC that CISAC will fully cooperate with an independent administrator of 1000 block pooling.

The NANC Letter also stated, however, that CISAC does not meet all the criteria for neutrality as cited in the Requirements Document and FCC rules. The Parties respectfully submit that an analysis of the CISAC structure and operations pursuant to FCC rules and precedent demonstrates that CISAC is not subject to undue influence by parties with a vested interest in the outcome of numbering activities, and therefore, is a neutral third party entity. Because the transfer of CIS falls within existing FCC rules and policies, the Parties emphasize that they do not seek or require a waiver of the FCC neutrality rules.

The Parties request that the FCC expeditiously approve the request to transfer the CIS business to CISAC and find that CISAC will remain qualified to fulfill its initial five-year term as NANPA.⁶

BACKGROUND

On December 21, 1998, after consultation with FCC staff, the Parties filed with the FCC a Transfer Request⁷ asking the FCC to find that the transfer of the CIS business by Lockheed Martin to an independent freestanding company, CISAC, would not affect the

⁶ See *Administration of the North American Numbering Plan, Toll Free Service Access Codes*, 12 FCC Rcd 23040 (1997) (“*NANPA Selection Order*”). CIS also serves as the Local Number Portability Administrator (“LNPA”) for all seven U.S. local number portability (“LNP”) regions and the Canadian Consortium. Pursuant to its contracts with the regional LNP limited liability companies (“LLCs”), the Parties are working closely with the LLCs to gain their approval for the proposed transfer and to address any neutrality issues arising under the LLC service contracts.

⁷ See Transfer Request.

status of the NANPA as a neutral third party under FCC rules. The FCC then sought comment on issues and questions raised by the proposed transfer. After reviewing the public comments, the FCC submitted 53 questions to the Parties for response. The Parties submitted their responses ("Responses") to the FCC on February 16, 1999.

Following the submission of the Transfer Request and Responses, the Parties met on numerous occasions between January and April with the NANC, the FCC, the LLCs and industry parties to address a number of issues raised regarding the continued effective, fair and efficient operation of the NANPA subsequent to the proposed transfer. As a result of this consultative process, the Parties refined several of their initial proposals to ensure the continued neutrality of the NANPA, including a neutrality audit procedure and a strict Code of Conduct governing the relationship between Warburg Pincus and CISAC. The Parties also submitted supplemental documents to NANC on March 12, March 22, and March 26, 1999 that clarified and refined their initial proposals to further ensure CISAC's continued status as a neutral third party.

I. WARBURG PINCUS AND CISAC HAVE SUPPLEMENTED THE PROPOSED CODE OF CONDUCT AND AUDIT PROCEDURES TO FURTHER ENSURE CISAC'S NEUTRALITY

In their Transfer Request, the Parties set forth a proposed Code of Conduct that would ensure that an arms length relationship exists between Warburg Pincus and CISAC and that CISAC's continued neutrality would not in any way be compromised.⁸ As a result of Warburg Pincus' and LMIMS' ongoing discussions regarding the transfer of CIS with the FCC, NANC, the LLCs⁹ and industry members, they have refined and expanded upon the initial provisions of the Code of Conduct.¹⁰ Warburg Pincus also wishes to bring to the Commission's attention a specific commitment recently agreed to by Warburg Pincus that

⁸ In particular, the Code of Conduct commits Warburg Pincus and CISAC to conducting quarterly audits to monitor the continued neutrality of CISAC.

⁹ Discussions with the LLCs regarding the Code of Conduct and other issues are ongoing. Warburg Pincus and LMIMS expect to conclude these negotiations near term.

¹⁰ See Attachment 2.

has been incorporated into the Code of Conduct. Warburg Pincus will notify the FCC, the NANC and one designated representative of all of the LLCs within 20 business days after Warburg Pincus becomes aware that an entity in which it has invested 5 percent or more has begun to use numbering resources.

CIS management and Warburg Pincus also have agreed to consult with the FCC, NANC and LLCs to further refine the precise scope and content of the audits. By submitting the revised Code of Conduct and proposed audit procedures into the record in the above-captioned proceeding, Warburg Pincus and CIS fulfill their commitments outlined in the letter of March 22, 1999 to NANC from Jeffrey E. Ganek, Senior Vice President and Managing Director of LMIMS/CIS.¹¹

II. CISAC WILL BE A NEUTRAL THIRD PARTY UNDER THE FCC'S RULES AND PRECEDENT FOLLOWING THE TRANSFER

The NANC Letter stated that the "NANC consensus was that the CISAC does not meet all the criteria for neutrality as cited in the Requirements Document and FCC rules."¹² The NANC Letter further states, however, that "[t]here was consensus on the part of NANC that the CISAC is not subject to . . . undue influence."¹³ Although NANC correctly concluded that CISAC is not subject to undue influence, the Parties submit that under FCC rules and precedent CISAC also should be found to be a neutral third party.

As the FCC concluded in its *NANPA Selection Order*, section 52.12(a)(1)(iii) of the FCC rules provides that, even if the NANPA does not satisfy the so-called 10 percent affiliation standard,¹⁴ the FCC, nonetheless, "may find that the NANPA *is neutral* and not

¹¹ Letter from Jeffrey E. Ganek, Senior Vice President & Managing Director, Communications Industry Services, Lockheed Martin IMS, to Alan C. Hasselwander, Chairman, North American Numbering Council (Mar. 22, 1999).

¹² NANC Letter at 1.

¹³ *Id.*

¹⁴ Section 52.12(a)(i) of the Commission's rules provides that the NANPA may not be an affiliate of any telecommunications service provider and establishes a 10 percent ownership threshold for purposes of determining whether an entity is an affiliate of the NANPA. *See* 47 C.F.R. § 52.12(a)(i).

subject to undue influence by parties with a vested interest in the outcome of numbering administration and activities.”¹⁵ In reaching that conclusion, the FCC recognized that any analysis of the neutrality of a potential NANPA must extend beyond simply ascertaining whether an entity with ownership interests in the NANPA has interests in telecommunications service providers that exceed the 10 percent threshold.

A finding that the NANPA is neutral within the meaning of the FCC’s rules governing the administration of numbering resources must take into account a number of factors, only one of which is the ownership interests of its owners. Moreover, the relative importance of these factors is not static but must be understood in the context of a specific proposal. For example, in the *NANPA Selection Order* the FCC found that Lockheed Martin was neutral for purposes of assuming the NANPA responsibilities because (1) of the *de minimis* nature of its affiliate services; (2) its affiliated carriers did not utilize numbers under control of the NANPA; and (3) the stake held by Lockheed Martin in the carrier at issue was extremely small relative to its overall assets.¹⁶

The FCC, in considering the NANC Letter and the comments in this proceeding, should consider all of these factors and rely upon its analysis in the *NANPA Selection Order* in applying its neutrality requirements to CISAC. If the FCC agrees with the NANC that the CISAC will not be subject to undue influence from entities with a stake in the provision of numbering services, the FCC also must find that the CISAC will be a neutral third party for purposes of administration of the NANP.

¹⁵ *NANPA Selection Order* at 23081 (emphasis added).

¹⁶ *Id.* The list of factors considered by the FCC in the *NANPA Selection Order* are by no means exhaustive or exclusive. In any given circumstance, it may be appropriate to consider any number of other factors. For example, in the case of the transfer of the CIS business to CISAC, the Parties submit that the nature of the investor should be considered. As the Parties fully discussed in the Transfer Request, Warburg Pincus’ status as a financial investor, as opposed to a strategic investor, provides it with every incentive to ensure the CISAC is not subject to any undue influence from interested parties and therefore, remains a neutral third party entity.

On a related matter, in filings before the FCC,¹⁷ Mitretek Systems ("Mitretek") has alleged that Lockheed Martin has, merely by its planning and pursuit of a potential telecommunications business, "inextricably aligned" itself with a segment of the telecommunications industry and, therefore, has defaulted on its obligations as the NANPA. Contrary to Mitretek's assertions, Lockheed Martin has not defaulted on its NANPA obligations, nor has it violated the neutrality criteria under FCC rules and policies.¹⁸ The FCC's neutrality rules clearly operate to find a NANPA non-neutral when there is a tangible, defined relationship which evidences undue influence on the NANPA by an entity with an interest in the allocation of numbering resources. There are two distinct reasons why Lockheed Martin has not violated the neutrality requirement.

First, Lockheed Martin has not yet acquired *any* interest in COMSAT or CGSI, and these entities exercise no influence whatsoever over Lockheed Martin operations.¹⁹ In fact, Lockheed Martin must meet several preconditions before Lockheed Martin can obtain control, de facto or de jure, of COMSAT. Among the more significant of such preconditions are that legislation must be adopted lifting the ownership restrictions imposed by the Communications Satellite Act²⁰ and that Lockheed Martin must obtain FCC authorization for a transfer of control. These preconditions are not expected to be satisfied, at the earliest, until late 1999 or early 2000, well after the transfer of Lockheed Martin's NANPA obligations will have been completed. Consequently, even assuming that the acquisition of COMSAT or CGSI would result in a breach of the neutrality

¹⁷ See Letter from H. Gilbert Miller, Mitretek, to Lawrence E. Strickling, Chief, Common Carrier Bureau (Dec. 8, 1998); Comments of Mitretek Systems in Response to Public Notice DA 99-117 (Released: January 7, 1999), CC Docket 92-237, NSD File No. 98-151 (filed Jan. 22, 1999).

¹⁸ The Parties responded to this allegation in the Transfer Request but restate their views in order to assure a full record is assembled on this point.

¹⁹ In any event, as has been noted, the CIS business unit operates as an independent business entity within Lockheed Martin. Thus CIS is further insulated from potential influence from outside entities.

²⁰ Communications Satellite Act of 1962, as amended, 47 U.S.C. 701 *et seq.*

requirement, an assumption with which Lockheed Martin disagrees, there is no current breach of that requirement.

Second, even if Lockheed Martin were deemed to have an attributable interest in COMSAT or CGSI, either before or after the transaction's close, there would be no violation of the neutrality requirement. As the Commission recognized in the *NANPA Selection Order*, and as described above, where an interest is in entities that do not use numbering resources and the interest is small relative to the size of the parent entity, the neutrality requirement is not violated. This criteria would be met by Lockheed Martin following acquisition of the proposed interests in COMSAT and CGSI. Neither entity uses numbering resources and COMSAT's revenues, if entirely attributed to Lockheed Martin, would constitute less than two percent of Lockheed Martin's total revenues. (Although CGSI is a stand-alone business, providing services to the federal government, its revenues are a small fraction of COMSAT's total revenues.) At the same time, the CIS business is an independent business unit of Lockheed Martin IMS, and both CGSI and Lockheed Martin's interest in COMSAT will be held through yet another separate subsidiary that is unconnected to Lockheed Martin IMS (other than through common ownership by Lockheed Martin as ultimate parent). This separation further insulates the NANPA from any "undue influence" by Lockheed Martin's telecommunications interests. Nevertheless, to the extent that others may hold differing views, the FCC rules provide a clear mechanism for addressing such issues.²¹

CONCLUSION

The Parties have taken significant measures to ensure the neutrality of CISAC while providing a robust financial platform for CISAC's continued seamless operation of number administration activities. As discussed above, the Parties have participated in numerous meetings and discussions with FCC, NANC, and LLC to address the proposed transfer to CISAC and have provided detailed written responses answering all of these

²¹ See 47 C.F.R. § 52.12(e).

entities' questions and concerns. In addition, Warburg Pincus and CISAC have made certain additional significant commitments to further assure the FCC, the NANC, and the LLCs of the continued neutrality of CISAC, including: (1) establishing detailed audit and reporting procedures and (2) establishing and refining a Code of Conduct governing the relationship between Warburg Pincus and CISAC.

The Parties have fulfilled all of their obligations and commitments during this process and have addressed all concerns raised. The proposed transfer will serve the public interest by ensuring the continued fair, efficient and neutral operation of the NANPA, and the Parties, therefore, renew their request that the FCC expeditiously approve the transfer of the CIS business from Lockheed Martin to CISAC.

Respectfully submitted,

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April 12, 1999

NEUTRALITY AUDITS

An independent and neutral party mutually acceptable to the FCC, NANC, the LLCs and CISAC will perform the neutrality audit on a quarterly basis (*i.e.*, every 90 days). The costs associated with these audits will be paid for by CISAC. The following points describe the process in greater detail:

- CISAC and Warburg Pincus will provide the neutrality auditor with reasonable access to information and data regarding relevant CISAC and Warburg Pincus operations. The auditor will agree to treat as confidential CISAC and Warburg Pincus data and information.
- Audit results will be presented once a quarter to the FCC, NANC and the LLCs and, as described in 7 below, Warburg Pincus will issue a report on its telecommunications investments within 20 business days of certain events.
- The FCC, NANC and the LLCs can use the audits to identify actions by CIS and Warburg Pincus that may violate the FCC neutrality rules, the FCC order approving the restructuring of CIS -- including the Code of Conduct -- and/or the neutrality provisions set forth in the local number portability contracts executed between CISAC and the local number portability LLCs. A finding that CISAC and/or Warburg Pincus has violated the neutrality provisions of either the FCC rules or LLC contracts could be grounds for action against CISAC.

The exact nature and extent of the Neutrality Audit procedures will be developed in consultation with the FCC, NANC and the LLCs. Highlights are described below.

The Neutrality Audits will examine CISAC and Warburg Pincus performance during the quarter with respect to the specific provisions of the Code of Conduct, which are listed in bold.

1. **Warburg Pincus will never cause CISAC, directly or indirectly, to show any preference or provide any special consideration to any company that is a telecommunications service provider, which term as used herein shall have the meaning set forth in the Telecommunications Act of 1996.**

The Neutrality Auditor will select and review a statistically valid sample of transactions performed by CISAC for telecommunications services providers. The Auditor will review the samples for compliance with existing, effective rules of the FCC and NANC and of CISAC's contracts with the LLCs that effect neutrality. In addition, CISAC will certify that all CISAC employees are fully aware of the Code of Conduct. The Auditor will review the certifications.

2. **Warburg Pincus shall have no access to user data or proprietary information of the telecommunications service providers served by CISAC.**

The Neutrality Auditor will review CISAC's policies and practices with respect to maintaining the confidentiality of the user data and proprietary data that it holds.

3. **Warburg Pincus will ensure that no user data or proprietary information from any telecommunications service provider in which it holds an interest is disclosed to CISAC (other than data that normally is exchanged in the course of CISAC's operations with other telecommunications service providers).**

The Neutrality Auditor will select and review a statistical sample of operating data provided to CISAC by any telecommunications service provider in which Warburg Pincus holds an attributable interest. The Auditor's report will reflect whether such data is provided in conformance with regular CISAC policies and practices and/or FCC rules.

4. **Confidential information about CISAC business services and operations will not be shared through Warburg Pincus with employees of any telecommunications service provider in which Warburg Pincus holds an interest. Warburg Pincus will guard its knowledge and information about CISAC's operations as it would its own proprietary information.**

The Neutrality Auditor will review CISAC's policies and practices with respect to maintaining the confidentiality of data about its operations and business services. The Auditor will review the policies and practices Warburg Pincus employs to keep such data confidential and separate and apart from any telecommunications service provider in which Warburg Pincus holds an interest. The Auditor will report on the effectiveness of

the practices in maintaining CISAC's neutrality. And, if the Audit identifies areas of concern, the Auditor will recommend possible changes in information management practices.

5. **No person employed by, or serving in the management of, Warburg Pincus or any private equity fund controlled by Warburg Pincus will be directly involved in the day-to-day operations of CISAC. No senior employees of any company that is a telecommunications service provider, and in which Warburg Pincus has an attributable interest, will be employed (full-time or part-time) by the CISAC business.**

CISAC employees and consultants will document all contacts they have and the nature of those contacts with employees and consultants of Warburg Pincus and of telecommunications service providers in which Warburg Pincus holds an attributable interest. And, CISAC will provide a current list of employees, with their job titles, and consultants who are also employed by Warburg Pincus or by telecommunications service providers in which Warburg Pincus holds an attributable interest. The Auditor will report violations of 5, above.

6. **Warburg Pincus will be represented on the Board of Directors of CISAC. It will not control a majority of the Board. It will be involved in normal Board affairs of CISAC. No Warburg Pincus representative on the CISAC Board of Directors will at the same time serve on the Board of any company in which Warburg Pincus or any private equity fund controlled by it has a greater than 5 percent equity investment if that company is a telecommunications service provider that makes use of numbering resources. No Warburg Pincus representative on the CISAC Board of Directors will at the same time serve as a Director of any private equity fund controlled by Warburg so long as that fund owns more than a 5 percent equity investment in a telecommunications service provider that makes use of numbering resources.**

The Neutrality Auditor will identify Warburg Pincus' representatives on the CISAC board. The Auditor will determine whether those board members have complied with all of the provisions in 6, above.

7. **Warburg Pincus will notify the FCC, the NANC and a representative designated by all of the LLCs (1) within 20 business days after Warburg**

Pincus, or any private equity fund controlled by it, (a) acquires an equity interest of 5 percent or more in any telecommunications service provider, (b) increases any such equity interest by 5 percent or more from any such equity interest held at the date of the last notification of the level of such equity interest, and (2) within 20 business days after Warburg Pincus becomes aware that an entity in which it has invested 5 percent or more has begun to use numbering resources.

Warburg Pincus will report quarterly, as required in 7, above. The Auditor will review the report for compliance.

- 8. No employee of CISAC will hold any interest, financial or otherwise, in any company that would violate the neutrality requirements of the FCC.**

CISAC employees will certify quarterly that they are in compliance with 8. The Auditor will review the certifications.

- 9. CISAC will hire an independent party to conduct a neutrality review of CISAC, ensuring that CISAC and Warburg Pincus comply with all the provisions of this Code of Conduct. The neutrality review will be conducted quarterly. CISAC will pay the expenses of conducting the review. CISAC and Warburg Pincus will provide the analyst with reasonable access to information and records necessary to complete the review. The results of the review will be provided to the LLCs, to the North American Numbering Council and to the FCC and shall be deemed to be confidential and proprietary information of CISAC, Warburg and WPEP.**

The Neutrality Auditor will conduct its quarterly audits and report to the FCC, NANC and the LLCs as described above.

- 10. For as long as Warburg Pincus owns Warburg Pincus Asset Management (WPAM), WPAM will not own more than 10 percent of any telecommunications service provider. Warburg Pincus has agreed to sell WPAM to Credit Suisse Group. That sale is expected to close by mid-June 1999.**

The Neutrality Auditor will examine a report from WPAM that describes all of WPAM's holdings in telecommunication services providers and determine whether WPAM complies with the requirements of 10, above.

CODE OF CONDUCT

1. Warburg Pincus will never cause CISAC, directly or indirectly, to show any preference or provide any special consideration to any company that is a telecommunications service provider, which term as used herein shall have the meaning set forth in the Telecommunications Act of 1996.
2. Warburg Pincus shall have no access to user data or proprietary information of the telecommunications service providers served by CISAC.
3. Warburg Pincus will ensure that no user data or proprietary information from any telecommunications service provider in which it holds an interest is disclosed to CISAC (other than data that normally is exchanged in the course of CISAC's operations with other telecommunications service providers).
4. Confidential information about CISAC business services and operations will not be shared through Warburg Pincus with employees of any telecommunications service provider in which Warburg Pincus holds an interest. Warburg Pincus will guard its knowledge and information about CISAC's operations as it would its own proprietary information.
5. No person employed by, or serving in the management of, Warburg Pincus or any private equity fund controlled by Warburg Pincus will be directly involved in the day-to-day operations of CISAC. No senior employees of any company that is a telecommunications service provider, and in which Warburg Pincus has an attributable interest, will be employed (full-time or part-time) by the CISAC business.
6. Warburg Pincus will be represented on the Board of Directors of CISAC. It will not control a majority of the Board. It will be involved in normal Board affairs of CISAC. No Warburg Pincus representative on the CISAC Board of Directors will at the same time serve on the Board of any company in which Warburg Pincus or any private equity fund controlled by it has a greater than 5 percent equity investment if that company is a telecommunications service provider that makes use of numbering resources. No Warburg Pincus representative on the CISAC Board of Directors will at the same time serve as a Director of any private equity fund controlled by Warburg so long as that fund owns more than a 5 percent equity investment in a telecommunications service provider that makes use of numbering resources.
7. Warburg Pincus will notify the FCC, the NANC and a representative designated by all of the LLCs (1) within 20 business days after Warburg Pincus, or any private equity fund controlled by it, (a) acquires an equity interest of 5 percent or more in any telecommunications service provider, (b) increases any such equity interest by 5 percent or more from any such equity interest held at the date of the last notification of the level

of such equity interest, and (2) within 20 business days after Warburg Pincus becomes aware that an entity in which it has invested 5 percent or more has begun to use numbering resources.

8. No employee of CISAC will hold any interest, financial or otherwise, in any company that would violate the neutrality requirements of the FCC.

9. CISAC will hire an independent party to conduct a neutrality review of CISAC, ensuring that CISAC and Warburg Pincus comply with all the provisions of this Code of Conduct. The neutrality review will be conducted quarterly. CISAC will pay the expenses of conducting the review. CISAC and Warburg Pincus will provide the analyst with reasonable access to information and records necessary to complete the review. The results of the review will be provided to the LLCs, to the North American Numbering Council and to the FCC and shall be deemed to be confidential and proprietary information of CISAC, Warburg and WPEP.

10. For as long as Warburg Pincus owns Warburg Pincus Asset Management (WPAM), WPAM will not own more than 10 percent of any telecommunications service provider. Warburg Pincus has agreed to sell WPAM to Credit Suisse Group. That sale is expected to close by mid-June 1999.

CERTIFICATE OF SERVICE

I, Theresa L. Pringleton, do hereby certify that the foregoing **Supplemental Response** was hand-delivered on this 12th day of April, 1999, to the following:

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